

# Class A Member District Meeting

Basin Electric Headquarters - Bismarck, ND  
October 25, 2019

## Attendees:

Vic Simmons - Rushmore Electric  
Tom Meland - Central Power  
Matt Washburn - NIPCO  
Claire Vigesaa - Upper Missouri  
Curt Dieren - L & O Power  
Brad Nebergall - TriState

Doug Hardy - Central Montana  
Tom Boyko - East River Electric  
Kevin Mikkelsen - Rosebud Electric  
Mike Easley - Members 1st  
Ken Kuyper - Corn Belt  
Don Franklund - Mor-Gran-Sou

## Basin Electric Staff:

Paul Sukut  
Dave Raatz  
Chris Baumgartner  
Val Weigel  
Steve Johnson  
Mark Foss  
Jean Schafer  
Andrew Buntrock

Lisa Carney  
Becky Kern  
Kelly Bergquist  
Tom Christensen  
Darla Miller  
Dale Nieszweg  
Tyler Hamman

Committee went into Executive Session - Committee came out of Executive Session.

Val Weigel started the day with sharing factors contributing to our economics of our facilities both on a short term and long term basis on how to optimize our facilities. A review on low market prices and the pressure they have on coal plants were discussed, she mentioned how the increase from the natural gas demand side is not enough to eat up the supply that is coming online. What is alarming and causing us some concern is we are now seeing power prices fall. We are seeing this all over our generation areas that are being impacted by higher wind and lower gas prices and additional wind generation in the market. Outlining the short term margins for our plants and how we operate in these environments, Val discussed some of the saving options that are being developed internally at each plant to save costs.

Looking at our economic status we need to confirm plant minimum run times and minimum down times, so we understand unit operational capabilities, and optimize plant, fuel purchasing and coal mine operations.

Jesse Halpern discussed the FERC process and the next steps to be taken in the proceedings are to file responses to the protests filed. She then walked through the three case scenarios that may take place once these filings come in. Basin Electric will draft a response for Class A Members so that they are able to add their responses as one filing.

Becky Kern then followed with the plan forward. She updated the committee on the status of the development of 2020 load forecast recent discussions with TransCanada in regards to the Keystone XL pipeline. She talked about the drivers related to a significant increase in load growth in the Williston Basin/Bakken area of gas and oil production. Becky then reviewed a couple other projects we are doing. She mentioned that we moved forward on three wind

repowering projects and recently approved a fourth project. With this we are producing additional generation at lower wind speeds, becoming more efficient, we're actually sending less cash out the door and receiving more generation with the repowering projects. Moving forward, Becky then took a look at our renewable portfolio and future projects that will be coming online that were just approved by the Board. Discussion continues on renewables versus our member loads and how to meet our power supply solutions for future load growth and economic alternatives.

Covering some of the steps staff are taking to continue evaluating other options before making final decisions. They are looking at the AVS2 Lease, additional Bakken area generation, and other alternatives Basin Electric will continue to explore. Becky then took a look at our current resource portfolio to show where we are on our reliance on coal generation and how we have diversified our generation portfolio over the last 10+ years.

Kelly Bergquist moved onto our strategic objectives and the three scenarios that are completed as of to date and reviewed two additional scenarios with a high level overview of each assumption. The scenarios ran are unfavorable when compared to our financial forecast, but staff will continue to revisit the valuations and sales prices if market conditions change to evaluate if the scenarios are now more favorable than current operations. Scenarios four and five were introduced with a proposed timeline identified for each scenario.

Becky Kern addressed Basin Electric's recent correspondence with WAPA-RMR on the meter calibration, installation; informing us all meters will need to be replaced. Basin Electric is coordinating the meter installation schedule; historically this is a change from what WAPA has done in the past, but they cannot continue to facilitate this process anymore. What we are looking at is expanding the west side process for metering to accommodate growth as needed as an option moving forward.

Lastly, Becky covered FERC filings, and that the 2020 Rate Schedule A will be sent out after our filing with FERC and they will be subject to FERC approval. As we look forward to 2021 rates, Basin Electric's plan is to take our 2021 rates to the Board in August, send our filing to FERC as soon as possible so that they have 60 days to act on our 2021 rate schedule. Dave Raatz asked the members what they would like to visit about in the spring on the fixed charge #1, demand & energy ratios or if there are other areas staff should look at for discussion.

Ken Kuyper had a question about the Demand Period Waiver and possibility to fully commit for five years instead of commit for three years and an intention for five years. This would allow distribution coops to develop time-of-use rates if there was a five year commitment. He also questioned special rates and the language related to patronage that was added to the 2020 rate schedule for the Standby Rate. Discussion on the topic was held between Ken, the committee and Basin Electric staff; staff will summarize all special rates for future discussions.

Adjourned.